...applying innovation to high technology

Annual Report 1978
Commodore International Limited

...applying innovation to high technology

Commodore was a pioneer in commercial electronic calculators and the first to recognize the electronic calculator as a consumer product destined to be the beginning of a new industry: consumer electronics. Today, your Company is applying the same spirit of innovation to the high technology of semiconductor devices and small computer systems, as well as to consumer electronics.

This response to innovation, and to the management of the changing aspects of the electronic industry, is the cornerstone of your Company's working philosophy.

Twenty years ago, Commodore was formed in Canada as an assembler and marketer of typewriters and adding machines. Ten years ago, Commodore was one of the first companies in the United States actively marketing electronic calculators, after having already sold off its interests in electromechanical calculators and adding machines.

In 1971, Commodore was the first company in the world to mass-market a compact personal-use electronic calculator. In the same year, your Company introduced the first portable rechargeable calculator. By 1973, in response to the exploding demand, Commodore had become an active producer as well as marketer of calculators.

In 1975, Commodore began its penetration of the European market; today your Company is the major calculator brand in western Europe.

Then, in 1976, with the acquisition of Optical Diodes Inc., a producer of displays, your Company embarked on a plan to become a vertically integrated marketer of consumer electronics, culminating in the acquiring of the controlling interests in MOS Technology and Frontier, Inc., designers and producers of metal oxide silicon (MOS) large scale integrated (LSI) devices.

In 1977, through the ability to produce the MOS 6502, one of the most widely used and acclaimed microprocessors (or "computer-on-a-chip"), and to produce RAMs (Random Access Memory chips) and ROMs (Read Only Memory chips), your Company was the first to market a low-priced personal computer, the PET (or Personal Electronic Transactor).

Today Commodore is a worldwide resource for semiconductor devices; a producer of personal computer and microcomputer board systems; a vertically integrated manufacturer of consumer electronics, particularly calculators and digital watches; a fabricator of office furniture and metal consumer products.

A note for the cover: The largest of the three Commodore calculators shown is the AL1000, introduced a decade ago and among the first commercial calculators to be marketed. Next to it is the famous C108, the first of the consumer calculators. The smallest unit is the Minuteman 1, Commodore's—and the world's—first portable, rechargeable calculator. In the foreground is the ***PET***, the first of the self-contained personal computers. A wafer of semiconductor chips is the background . . . and the basis of all advanced consumer electronics.

Financial Highlights

	1978	1977	Change
Net sales	$50,151,000	$46,175,000	8.6%
Gross operating margin	30.5%	23.9%	27.6
Net profit from operations	6.8%	3.3%	106.0
Income before extraordinary item	$ 3,390,000	$ 1,524,000	122.4
Net income	$ 4,040,000	$ 1,524,000	165.1
Total shareholders' equity	$12,256,000	$ 8,175,000	49.9
Shares outstanding, June 30	$ 1,367,386	$ 1,354,247	1.0
Equity per common share	$ 8.96	$ 6.04	48.3
Earnings per share			
. . . before extraordinary item	$2.42	$1.13	114.2
Net income	$2.88	$1.13	154.9
. . . by quarters:			
First quarter, ended September 30	$ .51	$ .28*	82.1
Second quarter, ended December 31	.57*	.55	8.6
Third quarter, ended March 31	.60	.19	215.0
Fourth quarter, ended June 30	.76*	.07	985.7

*Before extraordinary item.

commodore international limited

From concept to the "computer-on-a-chip"— how it happens

Every home appliance and every unit of home entertainment that has "solid state controls," every digital device, from a wrist watch to a central control in a power plant, to an artificial satellite, uses—indeed, depends on—large scale integrated (LSI) circuitry.

These circuits or "chips" are smaller than the nail on your smallest finger yet contain integrated circuitry with as many as 20,000 functions, and all electronic elements including transistors, capacitors, diodes, resistors implanted in the chip.

The process shown would be equally applicable to P-channel (PMOS), N-channel (NMOS), or a combination of both (CMOS). Just so, the chips shown here could be microprocessors, RAMs, ROMs, general logic circuits or timekeeping circuits and used for any of literally millions of applications. Commodore produces a full range of these devices, as well as liquid crystal displays (LCDs) and light emitting diode (LED) displays.

How does the chip happen?

It starts with a concept. A new chip is needed or a modification must be made.

(All photographs shown here and on the other pages in this Annual Report were taken in Commodore facilities.)

A new circuit and logic is designed at several hundred times its final size, then converted to color by draftsmen and . . .

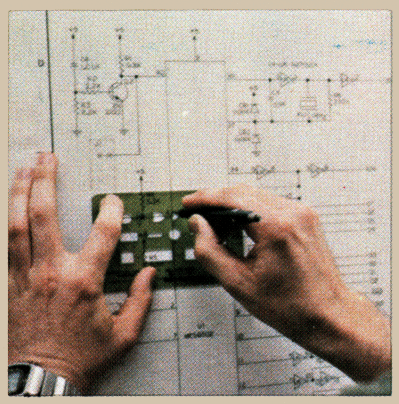
converted by a computer, polygon by polygon, to magnetic cards.

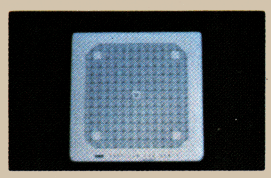
From these magnetic cards, a photomask master is created by pattern generating and—much as an original negative can create many photographs—is used to create an enormous number of fabricated wafers.

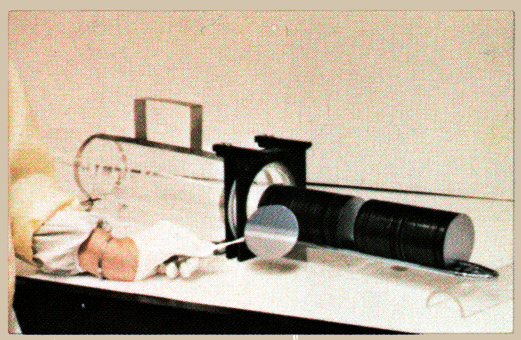
The need for absolute accuracy requires the inspection of the photomask master for microscopic visual defects and for micro-dimensional accuracy. This regimen of careful inspection is to be repeated many times during the fabrication process.

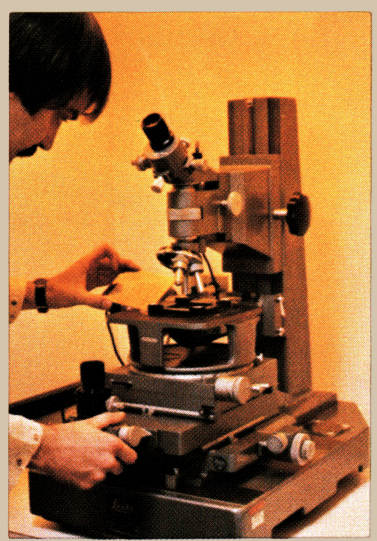
Meanwhile, a number of blank wafers are loaded into a "boat" which is then placed into a 1000° centigrade furnace. In one hour, more silicon dioxide will be placed on each wafer than in one hundred years of natural oxidation.

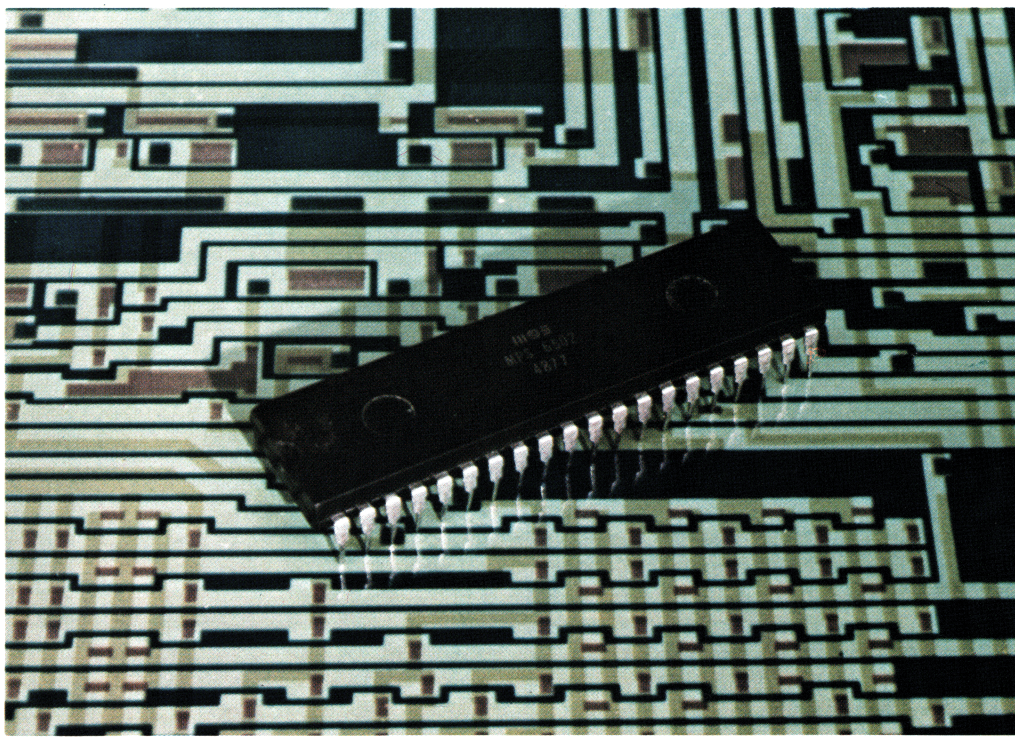
(We will soon be converting our system to 4-inch wafers from the 3-inch wafers shown here. The larger wafer will yield twice as many usable circuits with virtually no increase in direct labor.)











Now the data on the photomask master will be transferred to the silicon dioxide-coated wafer. This will be done by state-of-the-art projection alignment. Accuracy will be to ***one fifty-millionth of an inch.***

Commodore is one of the first to use this new technology which assures greater chip yield by virtually eliminating defect density and guarantees longer usable life to the photomask master.

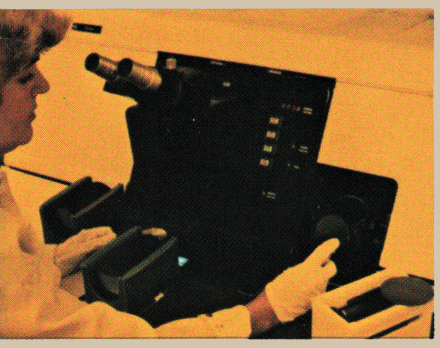
After protective film is applied to the now imaged wafer, it is ready for etching and implantation, using boron and phosphorous dopants, between six and eight times, depending on the complexity of the chip, and then for metallization. 64 wafers are inserted into a cradle which is then placed into the vacuum metallization system.

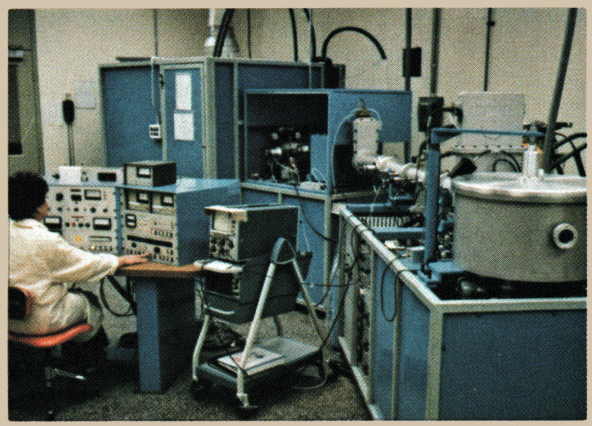
Additional boron and phosphorous atomic particles may now be implanted into the circuits with ultimate precision by the atomic accelerator shown here.

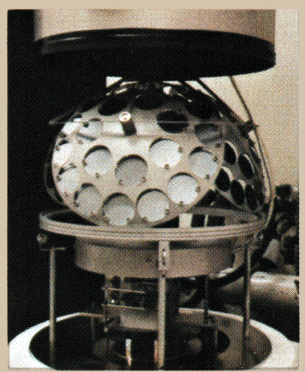
After testing, by state-of-the-art probing equipment, each of the hundred or more squares or dice that have passed inspection is scribed or cut and fused with gold alloy . . .

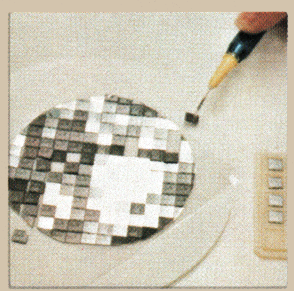
then to state-of-the-art wire bonding equipment where the die is connected to the "fingers" and we have the completed chip . . . which now goes into the final testing procedure where all parametric and function requirements of a given chip are tested within three seconds.

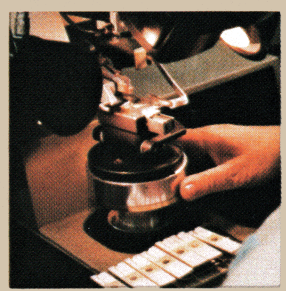
Significant numbers of chips are then burned-in at 125°C for 24 hours . . . equivalent to weeks of in-use testing. (100% of all chips to be used in PETs are programmed for burn-in.)

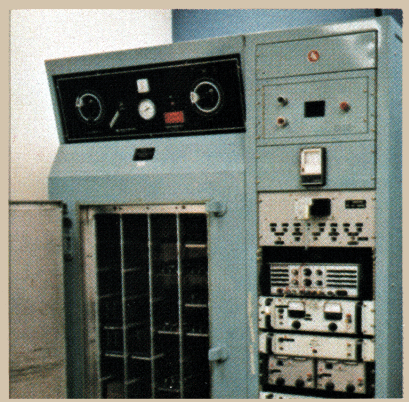












The Metal Products Division makes the PET cabinet

As a further illustration of Commodore's vertical integration, the outer cabinets for the PET are produced by Commodore's Metal Products Division.

The division manufactures and markets the largest selling budget-priced line of steel office furniture in Canada.

With the acquisition of Nortex Products and Gildon Metal Enterprises, the division now produces, all under one roof, a full array of steel consumer products in addition to office furniture including kitchen and bathroom cabinets; tables, chairs and stools; portable bars and indoor fireplaces; newspaper vending machines.

The PET production facility

Here the chips fabricated by Commodore's Semiconductor Division and the cabinets manufactured by the Metal Products Division are brought together, along with the video tube and cassette drive, to form the unique, self-contained PET.

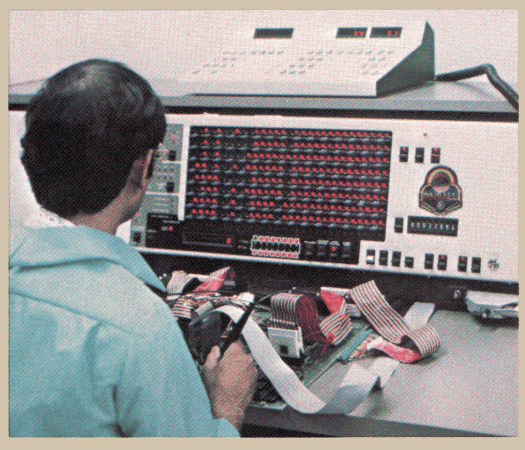
In extraordinarily powerful 300 ton hydraulic presses, the upper section of the cabinet is formed, which will become the video display unit, in a single operation, then cut to pattern and welded.

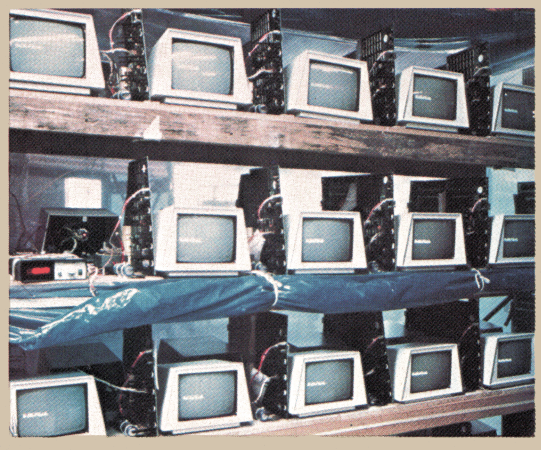
It is then cleaned and prepared for finishing and electrostatically spray-painted and shipped to Commodore's PET production facilities along with the lower cabinet section and the base.

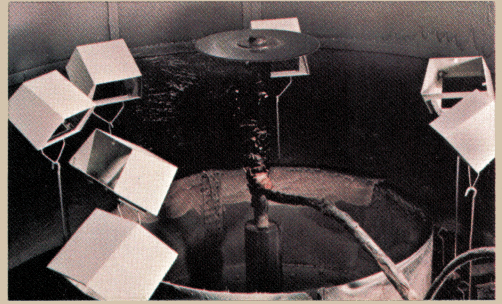
Each of the approximately 35 RAMs and ROMs and the 6502 microprocessor in each PET's main logic board is rigorously tested by this state-of-the-art equipment to insure that the PET will be working perfectly on arrival.

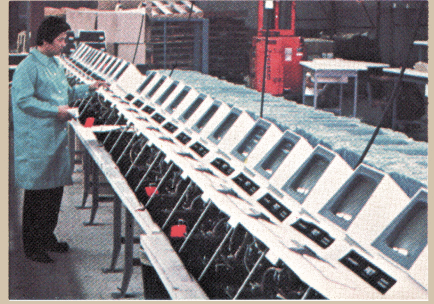
The upper cabinet produced in our Canadian facility has now become an assembled video display unit and is subjected to a 48-hour burn-in test before installing in the completely assembled PET.

After the PETs are completely assembled, final quality assurance inspection is given to each unit.









The finished product: the PET personal computer

The PET computer introduced a new revolutionary era—years ahead of the schedule assumed by most knowledgeable electronic experts.

When Commodore announced the PET in the spring of 1977 as an integrated, self-contained personal computing system complete with video display, cassette drive and IEEE-488 interfaces to retail at appreciably under $1,000, the industry said it couldn't be done. Yet. But Commodore proved it could be done. Profitably. And, with the PET's low cost, high technology, ease of operations came a whole new industry—the personal computer industry with the PET as the standard.

The future of the personal computer

Various estimates seem to agree that there will be over 150,000 personal computers sold in the year 1978, at least three times the number sold in the previous year. 1979 should see at least 300,000 units.

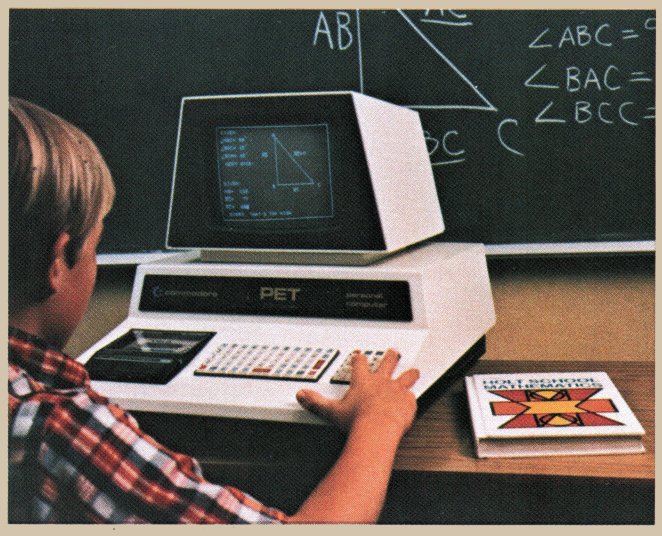
What of the future? ***Business Week***, in its September 18 issue stated flatly, "The personal computer has a good chance of becoming the most important consumer product of the 1980s."

At least one major research house has gone so far as to predict retail sales for home computers to reach 3.5 billion dollars by 1982. This compares with an estimated 200 million dollars in 1978.

Thousands of PET owners today include hobbyists and educators, small businessmen and some of the largest companies in the world. One of the more pleasant discoveries was the enormous number of younger people at grade school level who are users of the PET. This augurs well for your Company's position in the future.

The cover of Popular Science in the spring of 1977, multipage articles in every computer and business-oriented magazine, columns of newsprint, hours of television and radio heralded the newest industry.

The yen-dollar ratio has worked well for your Company: we are exporting significant numbers of PETs to Japan. The PET has appeared with regularity on the covers of the major computer magazines; the first ad for the PET placed by your Company anywhere in the world was in Japan.



KIM systems

The KIM-1 was developed at MOS Technology in response to demand for a simple, assembled board that would use the well-regarded 6502 microprocessor. It has gone on to become the best selling of all the microcomputer boards in the industry; its use is primarily among educators, students, hobbyists and in industrial applications.

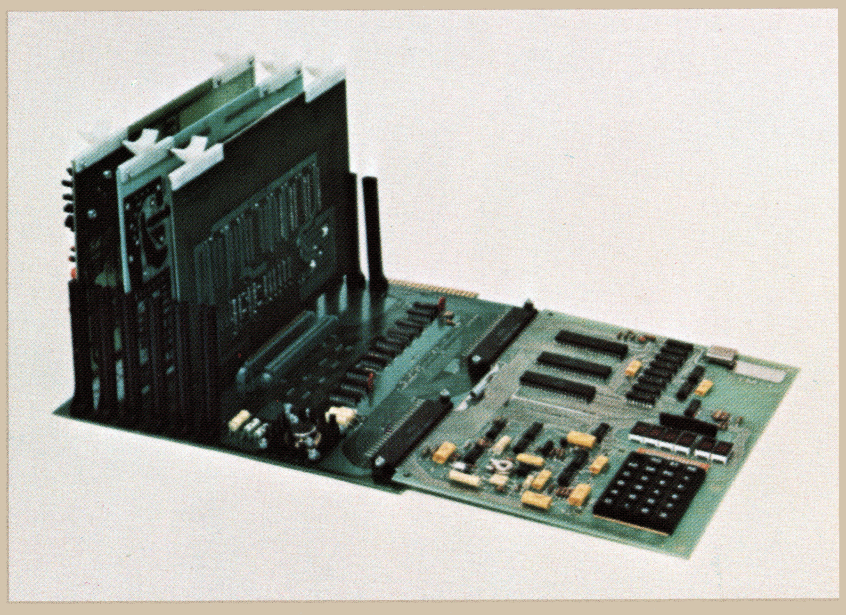
Commodore has now announced the reduction of the KIM-1 from U.S. $245—the price since its introduction—to $179.95, a reduction of over 25%.

The 6502 microprocessor

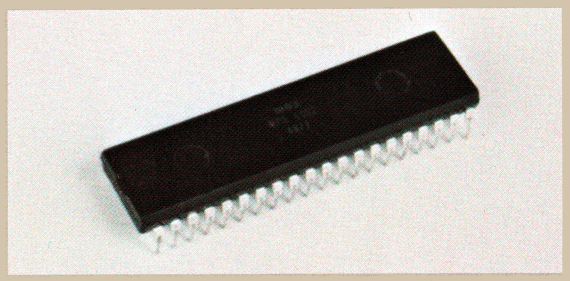
The KIM-1 was an extension of the 6502 "computer-on-a-chip" microprocessor. All personal computers—and most small system computers—are microprocessor based; that is, they use a single processor integrated-circuit chip.

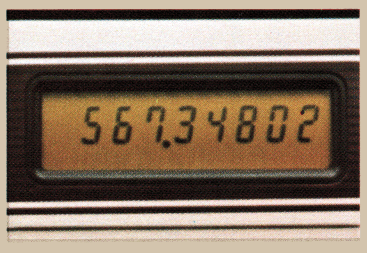
The MOS Technology 6502 is certainly one of the three most popular and widely used of all microprocessors. Its cost, speed, computing power and popularity guarantee it an expanding market. The 6502, original with MOS Tech, is second-sourced by Synertek and Rockwell.

Recently the KIM has become a system. Shown here is the KIM-1 (at the right) attached to the KIM-4 Motherboard or interface. Extending up from the KIM-4 are the KIM-3 Memory Expansion Module with 8K bytes of memory, the KIM-5 Resident Assembler/Text Editor and the KIM-6 Wirewrap Prototyping Board. The KIM system can now be expanded to a 65K byte memory.



The 6502 is but one of the products produced and marketed by the Semiconductor Division. There are RAMs and ROMs, timekeeping and general logic chips and there are the LCD and LED displays such as may be seen on all Commodore watches and calculators.





Displays – Liquid crystal Light emitting diode

The use of liquid crystal displays (LCDs) and light emitting diode (LED) displays in millions and millions of watches only serves to dramatize the ever-widening uses of these electronic devices in all manner of consumer products and in industrial applications.

The liquid crystal display, an electro-optical cell consisting of a sandwich of two polarized glass plates coated with an etched pattern and a liquid crystal solution between them, requires very low voltage and low operating power. All Commodore watches and several Commodore calculators use in-house produced LCDs.

LED displays remain in strong demand by producers of calculators and of many industrial devices, although the LCD (liquid crystal display) has displaced the LED as the leader in watch displays and has made inroads in calculator displays.

LCD displays:

First, raw glass is coated in an indian tin oxide sputter reactor.

After photo exposure places the image on the coated glass and it is carefully etched and inspected, a growing layer of silox coats and protects the image and smooths the surface to which the liquid crystals will adhere.

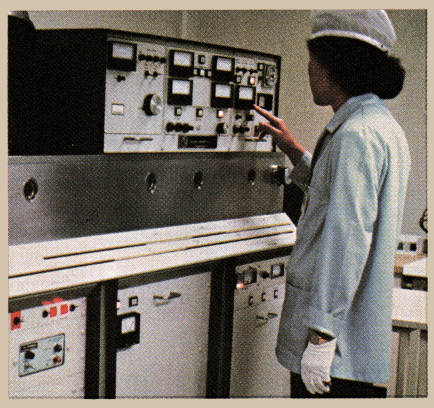
The glass is now scribed to the proper size and loaded into the evaporator to receive a layer of silicon oxide which will give the crystalline structure to each section.

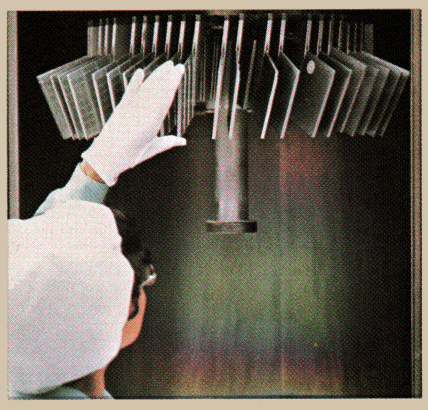
Two layers of glass, with liquid crystals between, are then sealed and placed in an RF sputtering machine. Here the edges of the glass will receive the metallization for plug sealing.

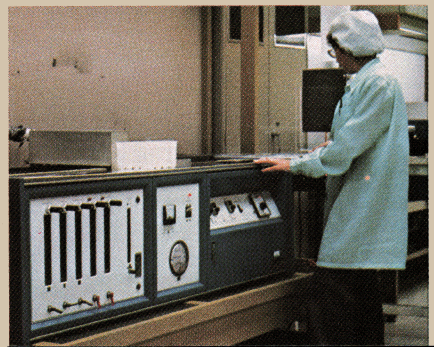
LED displays:

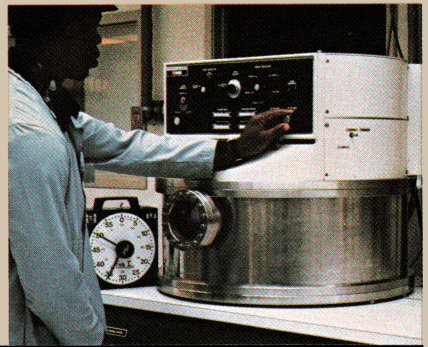
The first process involves growing a layer of nitride on a wafer in a nitrox reactor, then etching the wafer to create the digit pattern and preparing the wafer for diffusion.

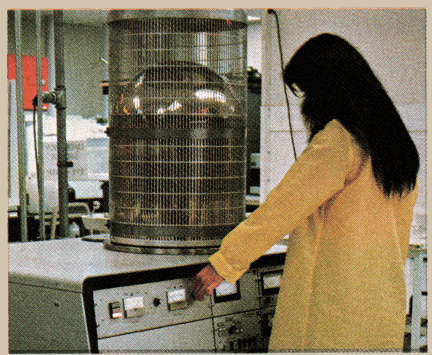
The wafer is then thinned and prepared for a layer of gold to be applied, in this gold evaporator, to the back of the wafer to insure good electrical connection. The finished wafer is now ready for scribing and mounting into individual bubble-lens displays.











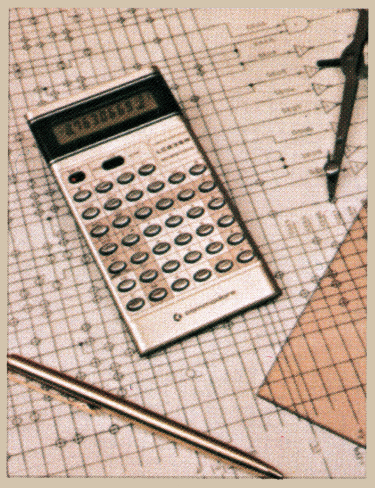
"The advanced technology of our semiconductor components are expected to stimulate increased end product sales; the increased end product sales should, therefore, be expected to stimulate the demand for semiconductor devices."

In a mature industry once again capable of above-average profits, Commodore should again be a major factor with breakthroughs in efficient design, increased features, greater values.

Commodore's unique single chip scientific, financial and programmable calculators were in particularly high demand . . . as were the new liquid crystal calculators.

Production of your Company's LCD watches, among the most competitively priced and styled in the industry, will be increased to meet demand.

With the acquisition of Frontier, Commodore has been awarded two significant patents in fiscal 1978: one for the single button for time and date selection, used by virtually all watch producers; the other for a more efficient alarm mechanism. Both patents assure us of a more prominent position in the industry.



Metal-oxide-silicon, large-scale integrated (MOS/LSI) logic circuits or chips are the driving force in the evolution of the electronics industry. Your Company is fully committed to being a major participant in the growth of this industry and, in fact, a unique participant. We are dedicating our resources and our experience to developing circuits that will make already existing and yet-to-be-developed Commodore end products innovative, economical to produce and capable of selling profitably in high volume. The advanced technology of our semiconductor components are expected to stimulate increased end product sales; the increased end product sales should, therefore, be expected to stimulate the demand for semiconductor devices.

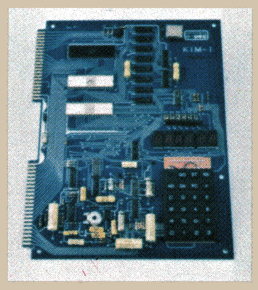
Commodore's continuing and expanding demand for semiconductor devices, the Semiconductor Division's increasing sales to outside companies, the synergism of our innovative consumer products group and a sophisticated semiconductor facility, all combine to allow your Company to expect to run its semiconductor plants at or close to capacity while judiciously avoiding excessive inventory buildups.

Demand for the PET remains stronger than supply in the United States, Canada, Japan, the United Kingdom and western Europe. Distributors in virtually every other country in the world are waiting for the opportunity to sell PETs as soon as your management can assign merchandise to these new markets.

Peripheral devices—second-cassette drives, printers, floppy disc drives, communication modems—are in production or in development. A second generation of PET computers is also in development.

Commodore is Canada's largest selling line of budget-priced office furniture, as well as a major force in other metal products for the consumer.

The KIM-1 microcomputer board, based on the 6502 microprocessor, is a standard of the industry and a best-seller. The new, lower retail price should generate even more sales.



Management Discussion and Analysis of the Summary of Earnings

For the Years Ended June 30, 1977 and 1978

Changes in Character of Business

The Company experienced a modest sales volume increase in 1978, as compared to 1977, a direct result of pursuing a plan of product line diversification introduced in the preceding year.

In 1977, management had anticipated a temporary market saturation of electronic calculators and accordingly instituted a planned product line expansion which continued through 1978. The resultant effect of the strategy was to create four divisions, each a self-sufficient profit center contributing several highly profitable new products to an already widely accepted product group. The strategy also permitted the Company to expand its customer base to include an international network of distributors servicing virtually every country in the world. During 1978 the Company sold consumer products (electronic calculators and watches); components (semi-conductor components and watch modules); systems (personal computers and small microprocessor systems) and metal products (steel office furniture and metal consumer products). Comparative sales figures by operating division for the two years ended June 30, 1978 are as follows:

Consumer product sales volume declined in 1978 due to the concentration on diversifying into new product areas. As discussed above, a temporary market saturation was anticipated and, accordingly, management's efforts were spent primarily in establishing a solid base for the other groups.

Component sales to the outside world increased only modestly in 1978, a result of a management decision to utilize a major portion of our semi-conductor facility's capacity to satisfy the needs of the Systems and Consumer Product groups. This decision was significant in enabling the Company to capitalize on its vertical integration and greatly reduce the cost of manufacturing in a highly competitive industry. During April, 1978, the Company acquired Frontier Manufacturing, Inc., a manufacturer of integrated circuits and watch modules. The acquisition, which follows the policy of continual vertical integration, has granted the Company access to a new semi-conductor market and has provided the Company with a new technology which will further reduce the cost of manufacture.

	(000's Omitted)				
	Consumer Products	**Components**	**Systems**	**Metal Products**	**Total**
1978	$19,365	$9,749	$12,202	$8,835	$50,151
% of sales	39	19	24	18	
1977	$32,785	$7,849	$ —	$5,541	$46,175
% of sales	73	17	—	10	

The Systems Division, which contributed the PET computer and the KIM microcomputer, played a major role in 1978. The PET (a stand-alone, personal computer) and the KIM (a microprocessor on a printed circuit board), first introduced in 1977, were placed into production in mid-1978. The units have attracted worldwide attention and have identified the Company as a leader in the home computer field.

Sales of the Metal Products Division increased 60% over the prior year and contributed 18% of overall Company sales. The reasons behind the success were primarily management's concentrated effort to expand its steel office furniture customer base and partly the acquisition of Nortex Products and Gildon Metal Enterprises, Limited, late in fiscal 1977.

Cost of Sales/Gross Margin

The growth the Company has enjoyed at the gross margin line in 1978 is attributable to four factors. 1) the consumer electronics industry has matured to where rapid cost and price reduction through technological advancement has stabilized. 2) the evolution of a policy of vertical integration instituted several years ago was continued to reduce further the cost of production. The acquisition of Optical Diodes, Inc. (ODI-1976); MOS Technology (MOS Tech-1977) and Frontier Manufacturing, Inc. (Frontier-1978) have created an interdivisional support group which enables each independent division to capitalize on the low manufacturing cost capabilities of another. 3) the Company has developed a Systems Division in 1978 which has introduced the PET and KIM products, each of which has contributed strongly at the gross margin line. 4) the profit margins on steel products has increased in 1978 due to selling price increases and further absorption of overhead costs, a result of the acquisition in late fiscal 1977 of Nortex Products and Gildon Metal Enterprises.

Selling Expenses

Selling expenses increased slightly over the previous year as a result of increased sales and a diversified product mix. In 1977, these expenses were reduced as compared to 1976 as the Company concentrated principally on the European marketplace which resulted in a reduction of expense in the USA.

General & Administrative Expenses

The modest increase in this expense area is attributable to expanding the executive team required to administer the new Systems Division; a full year of operations at MOS, acquired in late 1977 and the additional expenses associated with the acquisition of Frontier.

Research & Development

The increase in research & developmental expense in both 1978 and 1977 is attributable to the continual development of new semi-conductor products and the introduction of PET, KIM and the peripheral equipment currently being phased into production. It should be noted that R & D for 1978 and 1977 are net of income derived from cross-licensing and patent agreements for the Company's microprocessor.

Interest Expense

Interest expense did not increase materially in 1978 over 1977 as the Company was able to pay down more expensive short-term borrowings while increasing overall debt in order to support the additional requirement for working capital needed by the Systems group.

In 1977, interest expense increased over 1976 due to the Company becoming increasingly involved in its own key components which correspondingly required further working capital.

Provision for Income Taxes

Income taxes were provided at an effective rate of 35% and 32% in 1978 and 1977, respectively. (See Note 4 of Notes to Consolidated Financial Statements for an explanation of the difference between the U.S. statutory rate of 48% and the rates noted above.) In 1978, the Company received an income tax credit as a result of the benefit resulting from the carry forward of prior years' losses.

Consolidated Fourth Quarter Results

Sales during the fourth quarter of 1978 were $11,529,000 (1977—$12,311,000). The gross margin in the fourth quarter of 1978 was $5,512,000 or 47% of sales. (The first three quarters of 1978 were $9,785,000 or 25% of sales). Income after taxes but before the carryforward benefit described above for the fourth quarter 1978 was $1,068,000 (1977—$159,000).

The significant gross margin contribution and after-tax income in the fourth quarter 1978 is attributable to the change in product mix as a result of the increased production of PET computers.

Commodore International Limited and Subsidiaries

Consolidated Summary of Operations

(Not covered by Auditors' Report)	Year Ended June 30 1978	1977	1976	1975	1974
Net sales	$50,151,000	$46,175,000	$55,934,000	$55,877,000	$49,851,000
Gross profit	15,297,000	11,074,000	11,764,000	5,006,000	8,819,000
Operating Expenses:					
Selling	3,162,000	2,969,000	3,491,000	4,072,000	3,310,000
General and administrative	3,724,000	3,396,000	3,367,000	3,941,000	2,908,000
Research and development	2,078,000	1,374,000	812,000	838,000	677,000
Interest expense—net	1,118,000	1,093,000	698,000	1,218,000	970,000
	10,082,000	8,832,000	8,368,000	10,069,000	7,865,000
Income (loss) from operations	5,215,000	2,242,000	3,396,000	(5,063,000)	954,000
Provision (credit) for income taxes	1,825,000	718,000	1,724,000	(793,000)	746,000
Income (loss) before minority interest and extraordinary item	3,390,000	1,524,000	1,672,000	(4,270,000)	208,000
Minority interest in loss of CESL	—	—	50,000	413,000	52,000
Income (loss) before extraordinary item	3,390,000	1,524,000	1,722,000	(3,857,000)	260,000
Extraordinary item	650,000	—	1,189,000	89,000	—
Net income (loss)	$ 4,040,000	$ 1,524,000	$ 2,911,000	$ (3,768,000)	$ 260,000
Earnings (loss) per share					
Income (loss) before extraordinary item	$ 2.42	$ 1.13	$ 1.34	$ (3.04)	$ .18
Net income (loss)	$ 2.88	1.13	2.26	(2.96)	.18

Commodore International Limited and Subsidiaries (Note 2)

Consolidated Statements of Operations

	Year Ended June 30 1978	1977
Net Sales (Note 12)	$50,151,000	$46,175,000
Cost of Sales	34,854,000	35,101,000
Gross Profit	15,297,000	11,074,000
Operating Expenses:		
Selling	3,162,000	2,969,000
General and administrative	3,724,000	3,396,000
Research and development	2,078,000	1,374,000
	8,964,000	7,739,000
Income from operations	6,333,000	3,335,000
Interest Expense, Net	(1,118,000)	(1,093,000)
Income before income taxes and extraordinary item	5,215,000	2,242,000
Provision (Credit) for Income Taxes (Note 4):		
Current		
Federal	604,000	318,000
State	183,000	114,000
Foreign	668,000	(45,000)
Deferred foreign income taxes	370,000	331,000
	1,825,000	718,000
Income before extraordinary item	3,390,000	1,524,000
Extraordinary Item—Reduction of income taxes from carryforward of prior years' losses	650,000	—
Net income	$ 4,040,000	$ 1,524,000
Earnings Per Share (Note 9):		
Income before extraordinary item	$ 2.42	$ 1.13
Extraordinary item	.46	—
Net income	$ 2.88	$ 1.13

The accompanying notes to consolidated financial statements are an integral part of these statements.

Commodore International Limited and Subsidiaries (Note 2)

Consolidated Balance Sheets

ASSETS	Year Ended June 30 1978	1977
Current Assets:		
Cash including short-term deposits of $350,000 and deposits of $117,000 pledged as compensating balances for letters of credit in 1977	$ 981,000	$ 823,000
Accounts receivable, net of $547,000 and $743,000, respectively (Note 5)	5,627,000	8,293,000
Inventories (Note 5)	20,857,000	15,533,000
Prepaid expenses	322,000	391,000
Total current assets	27,787,000	25,040,000
Property and Equipment, at cost (Notes 3 and 6)	13,004,000	7,869,000
Less—Accumulated depreciation and amortization	3,071,000	2,144,000
	9,933,000	5,725,000
Other Assets:		
Lease deposits and other assets	217,000	210,000
Cost in excess of fair market value of net assets of businesses acquired, net (Note 3)	82,000	133,000
	299,000	343,000
	$38,019,000	$31,108,000

LIABILITIES AND SHAREHOLDERS' EQUITY	Year Ended June 30 1978	1977
Current Liabilities:		
Loans from financial institutions (Note 5)	$ 6,991,000	$ 6,063,000
Current portion of long-term debt (Note 6)	718,000	272,000
Accounts payable	8,435,000	9,974,000
Accrued liabilities	2,453,000	1,613,000
Income taxes payable (Note 4)	1,781,000	1,202,000
Total current liabilities	20,378,000	19,124,000
Long-Term Debt (Note 6)	5,385,000	3,809,000
Commitments and Contingent Liabilities (Notes 8 & 10)	—	—
Shareholders' Equity (Note 2):		
Common stock, $1 par value		
Authorized—5,000,000 shares		
Issued and outstanding—1,367,386 and 1,354,247 shares, respectively	1,367,000	1,354,000
Contributed surplus	1,828,000	1,800,000
Retained earnings	9,061,000	5,021,000
	12,256,000	8,175,000
	$38,019,000	$31,108,000

The accompanying notes to consolidated financial statements are an integral part of these consolidated balance sheets.

Commodore International Limited and Subsidiaries (Note 2)

Consolidated Statements of Shareholders' Equity

For the Two Years Ended June 30, 1978

	Common Stock		Retained	Contributed	
	Shares	Amount	Earnings	Surplus	Total
Balance, June 30, 1976	1,283,000	$1,283,000	$3,497,000	$1,566,000	$6,346,000
Net income for the year			1,524,000		1,524,000
Sale of common stock upon exercise of options (Note 7)	7,000	7,000		8,000	15,000
Issue of common stock for acquisition of MOS Technology (Note 3)	64,000	64,000		226,000	290,000
Balance, June 30, 1977	1,354,000	1,354,000	5,021,000	1,800,000	8,175,000
Net income for the year	—	—	4,040,000	—	4,040,000
Sale of common stock upon exercise of options (Note 7)	13,000	13,000	—	28,000	41,000
Balance, June 30, 1978	1,367,000	$1,367,000	$9,061,000	$1,828,000	$12,256,000

The accompanying notes to consolidated financial statements are an integral part of these statements.

Commodore International Limited and Subsidiaries (Note 2)

Consolidated Statements of Changes in Financial Position

	Year Ended June 30 1978	1977
Working Capital Was Provided by:		
Income before extraordinary item	$3,390,000	$1,524,000
Items not requiring working capital—		
Depreciation and amortization	1,132,000	774,000
Minority interest in subsidiary's loss	—	(19,000)
Total working capital provided by operations	$4,522,000	$2,279,000
Extraordinary item	650,000	—
	5,172,000	2,279,000
Common stock issued upon exercise of stock options	41,000	15,000
Increase long-term debt	2,556,000	713,000
Realization of lease deposits and other assets	—	184,000
	$7,769,000	$3,191,000
Working Capital Was Applied to:		
Purchase of land, building and equipment	4,432,000	1,435,000
Acquisition of purchased businesses—		
Equipment and building improvements	857,000	2,659,000
Long-term debt	(187,000)	(2,681,000)
Issuance of common stock for acquisition	—	(290,000)
Other, net	7,000	42,000
Repayment of long-term debt	1,167,000	330,000
	6,276,000	1,495,000
Increase in working capital	$1,493,000	$1,696,000
Changes in Components of Working Capital:		
Increase (decrease) in current assets—		
Cash and deposits	$ 6,000	$ (732,000)
Accounts receivable	(3,226,000)	2,004,000
Inventories	4,848,000	(1,659,000)
Prepaid expenses	(119,000)	97,000
Working capital, net, from acquisitions	(536,000)	270,000
(Increase) decrease in current liabilities—		
Loans from financial institutions	(928,000)	(1,747,000)
Current portion of long-term debt	(175,000)	(226,000)
Accounts payable and accrued liabilities	1,735,000	3,938,000
Income taxes payable	(112,000)	(249,000)
Increase in working capital	$1,493,000	$1,696,000

The accompanying notes to consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Summary of Accounting Policies

Principles of Consolidation—The consolidated financial statements include the accounts of Commodore International Limited and all subsidiaries. All such subsidiaries were wholly owned as of June 30, 1978, except for Optical Diodes, Inc. (75% owned), Commodore Educational Systems Limited (61%) and Frontier Manufacturing, Inc. (95%). All significant intercompany transactions have been eliminated.

The consolidated financial statements are expressed in United States currency. For foreign operations, monetary assets and liabilities have been translated at year-end rates of exchange and all other assets and liabilities have been translated at historical rates. Income, costs and expenses were translated at average rates prevailing during the year. Gains or losses resulting from translations are included in the consolidated statements of operations. Such gains and losses were not material. Certain 1977 amounts have been reclassified to conform to the 1978 presentation.

Inventories—Inventories are stated at the lower of cost (first-in, first-out) or market, except that inventories of one subsidiary are stated at the lower of cost (last-in, first-out) or market. The difference between these two methods for this subsidiary is not material. Inventories used in determining cost of sales for the two years ended June 30, 1978, were:

	June 30		
	1978	1977	1976
Finished goods	$ 8,678,000	$5,403,000	$6,204,000
Raw materials and work-in-process	12,179,000	10,130,000	7,582,000
	$20,857,000	$15,533,000	$13,786,000

Property and Equipment—Major classes of property and equipment are as follows:

Description	June 30 1978	June 30 1977	Estimated Useful Lives
Land	$ 988,000	$ 552,000	
Machinery and equipment	6,704,000	3,875,000	3–10 years
Buildings and improvements	2,826,000	1,360,000	25 years
Furniture and fixtures	416,000	431,000	5–10 years
Tooling	1,374,000	1,232,000	2 years
Leasehold improvements	696,000	419,000	Life of lease
	$13,004,000	$7,869,000	

Depreciation has been provided using primarily the straight-line method over the estimated useful lives of the assets for both financial reporting and income tax purposes.

Amounts capitalized as part of property and equipment, including expenditures for renewals and betterments, are recorded at cost. Maintenance and repairs are expensed as incurred. Cost of property retired or sold is removed from the asset account and accumulated depreciation to date of retirement or sale is eliminated from the reserve account. Any difference is reported in the Consolidated Statement of Operations.

Research and Development Costs and Product Development Costs—The Company expenses all costs of research and development and product development in the year incurred.

Patents, Trademarks and Other Manufacturing Rights—The Company expenses all costs of obtaining patents, trademarks and other manufacturing rights in the year incurred.

Intangible Assets—The excess of cost over net assets of businesses purchased arose in connection with the acquisition of Optical Diodes, Inc. on March 4, 1976 and is being amortized on a straight-line basis over a period of four years.

Income Taxes—The accompanying consolidated financial statements include deferred tax accounts resulting from the differences between income tax provisions charged for financial reporting purposes and income taxes currently payable (timing differences). Such differences are primarily related to special inventory relief provisions in the United Kingdom whereby deductions are allowed for tax reporting purposes prior to recording in the financial statements.

The Company accounts for investment tax credits as a reduction of the provision for taxes on income in the year in which the related credit is utilized. Such credits have not been material. The available investment tax credit carryforward as of June 30, 1978, is not significant.

2. Restructuring

At a general meeting of shareholders, held on August 17, 1976, the Company's proposed plan of restructuring was approved.

This internal restructuring resulted in each shareholder of Commodore Business Machines (Canada) Limited receiving one share of Commodore International Limited, a Bahamian company, in exchange for each share of Commodore Business Machines (Canada) Limited then held. Commodore International Limited became the parent company of the Commodore group of companies, and Commodore Business Machines (Canada) Limited surrendered its charter under articles of dissolution filed under the Business Corporations Act of Ontario. The restructuring did not involve transactions which affect the cost basis of assets or the amount of liabilities shown in the accompanying consolidated financial statements.

3. Acquisitions

In April 1978, the Company acquired approximately 95% of the outstanding common stock of Frontier Manufacturing, Inc. (Frontier), a manufacturer of integrated circuits and watch modules. Frontier had been experiencing severe financial difficulties and filed a proceeeding under the Chapter XI of the Bankruptcy Act for the purpose of reaching an agreement with Frontier's general, unsecured creditors as to the settlement and satisfaction of obligations owing to them. Settlement was arranged whereby the above mentioned creditors received 25% of the principal amount of their claims.

The consideration paid for Frontier's shares was pursuant to an arrangement whereby a minimum of $175,000 was paid on or about the closing date. The balance of the purchase price will be distributed to the selling shareholders at such time as all disputed claims asserted against Frontier have been resolved and the exact amount to be paid to satisfy general unsecured claims has been ascertained. In no event shall the Company be required to pay more than $300,000.

The underlying fair value of Frontier's assets was greater than the cost at the date of acquisition. Such excess has been allocated to non-current assets in accordance with the purchase method of accounting. The Company has included the operations of Frontier in the accompanying consolidated financial statements for the period since acquisition.

In March 1978, the Company acquired a 100% interest in Mr. Calculator, Inc. for a cash purchase price of $2,000. (See Note 12.) Mr. Calculator is a group of retail stores selling electronic consumer products. The Company has applied the purchase method of accounting to this transaction and has included the operations of Mr. Calculator in the accompanying consolidated financial statements for the period since acquisition.

The unaudited consolidated results of operations on a proforma basis as though the above mentioned companies had been acquired at the beginning of fiscal 1977 are as follows:

	1978	1977
	(In thousands of dollars except "Earnings per share.")	
Net Sales	$54,349	$66,088
Net Earnings	2,991	370
Earnings per common share:		
Income before extraordinary item	$1.68	$ .28
Extraordinary item	.46	—
Net Income	$2.14	$ .28

In November 1976, the Company acquired an 86% interest in MOS Technology, Inc. (MOS Tech) for 64,462 shares of the Company's common stock and notes payable of $143,000 (total purchase price $433,000). MOS Tech manufactures and sells integrated circuits based upon metal-oxide-semiconductor (MOS) technology. In 1977, MOS Tech purchased the balance of the capital stock for $66,000. The Company has applied the purchase method of accounting to this transaction and has included the operations of MOS Tech in the accompanying Consolidated Financial Statements for the period since acquisition.

The underlying fair value of MOS Tech's assets (including the tax benefits discussed below) was greater than the cost to the Company at the date of acquisition. Such excess has been allocated proportionately to non-current assets in accordance with the purchase method of accounting.

MOS Tech has experienced losses in prior periods and has losses for tax purposes which are of future benefit to the Company. This future benefit of $794,000 has been recognized as an asset of MOS Tech at the date of acquisition.

In February 1977, the Company acquired 100% interest in Nortex Products (Nortex) and Gildon Metal Enterprises Limited (Gildon), respectively a division and a subsidiary of Superpack Corporation Limited, a Canadian corporation for $1.00. Nortex and Gildon manufacture and sell steel consumer products. The Company has applied the purchase method of accounting to this transaction and has included the operations of Nortex and Gildon in the accompanying consolidated financial statements for the period since acquisition.

Prior to acquiring Nortex and Gildon, the Company had managed these enterprises on behalf of Superpack Corporation Limited.

The underlying fair values of the Nortex and Gildon assets were greater than their cost to the Company at the date of acquisition. Such excess has been allocated proportionately to non-current assets in accordance with the purchase method of accounting.

On March 1, 1977, the Company's Japanese subsidiary, Commodore Japan Limited (CJL), obtained effective control of a Japanese assembly company. The accompanying consolidated financial statements include the results of operations of this company subsequent to March 1, 1977.

4. Income Taxes

The provision for income taxes differs from the amount computed by applying the U.S. Federal income tax rate of 48% to income before income tax as follows:

	1978 (Thousands of dollars)		1977	
	Amount	Percent of Income	Amount	Percent of Income
United States statutory rate	$2,500	48%	$1,076	48%
Increases (reductions) in taxes resulting from:				
Net effect of foreign tax rates	(696)	(13)	30	1
Subsidiaries incorporated in a jurisdiction which does not levy income taxes	(442)	(9)	(733)	(33)
Losses of foreign subsidiaries not benefited	467	9	351	16
State income taxes, net of Federal income tax benefit	(88)	(2)	60	3
Other, net	84	2	(66)	(3)
	$1,825	35%	$ 718	32%

At June 30, 1978, the Company's U.S. subsidiaries had net operating loss carryforwards of approximately $1,500,000 available to offset future income. Utilization of prior year tax loss carryforwards in the U.S. and certain other countries increased net earnings by $650,000 and are treated as an extraordinary item in the consolidated statements of operations.

The Company's U.K. subsidiary has a significant amount of tax benefit to carry forward against future profits (approximately $3,330,000 at June 30, 1978) as a result of special inventory relief provisions introduced by the U.K. government to allow U.K. companies relief from paying taxes on inventory profits created by inflation (See Note 1). Deferred taxes of $331,000 have been provided on the inventory relief benefit in 1977.

5. Loans From Financial Institutions

	1978	1977
Notes payable, unsecured	$1,583,000	$1,775,000
Overdraft facilities	2,083,000	1,752,000
10% note payable, due on demand, guaranteed by the Company's Chairman of the Board	1,700,000	–
Advances from financial institutions	1,625,000	2,536,000
	$6,991,000	$6,063,000

The unsecured notes, payable on demand, range from $25,000 to $675,000 and bear interest at rates from 6% to 9½%. The maximum month end borrowings during 1978 under the above described arrangements were $1,887,000 (1977–$2,100,000). The average borrowing outstanding during 1978 was $1,531,000 (1977–$947,000) at a weighted average interest rate of 8% (1977–10½%).

The Company has overdraft facilities involving a number of international banks. As of June 30, 1978, $1,329,000 of the loans (overdrafts) which are generally payable on demand were unsecured; $754,000 was secured by a debenture issued by one of the Company's subsidiaries. The overdrafts range from $20,000 to $754,000 and bear interest at rates from 4¾% to 12½%. During fiscal 1978, the highest balance owing under this arrangement was $2,083,000 (1977–$1,057,000). The average balance owing was $1,041,000 (1977–$818,000) and the weighted average interest rate was 10¾% (1977–9%).

At June 30, 1978, the Company has an agreement with a financial institution whereby the Company could receive advances through the pledging of certain receivables and inventories. These advances bear interest at 6½% over the prime rate in effect.

In June 1978, a second similar arrangement, which had been in effect during the fiscal year, was satisfied. During the year ending June 30, 1978, the highest balance owing under both arrangements was $3,469,000 (1977–$1,368,000) with the average weighted interest rate during the year of 14¼% (1977–13¾%). As of June 30, 1978, trade receivables of approximately $1,959,000 (1977–$4,934,000) and inventories of $2,175,000 (1977–$6,859,000) were pledged as security for the arrangement.

6. Long Term Debt

	June 30 1978	1977
10% note payable, due January 1980, collateralized by certain machinery and equipment (Note 12)	$1,600,000	$1,600,000
15¼% notes payable, payable in monthly installments, to August 1981 and January 1983, respectively, collateralized by certain machinery and equipment	475,000	585,000
16% note payable, due July 1981, guaranteed by the Chairman of the Board together with a former Director	—	750,000
Real estate mortgages, 8½% to 9½%, due in varying amounts through 2005, secured by land and buildings of $3,734,000, at cost	2,088,000	721,000
Capitalized lease obligations averaging 9%, payable in varying monthly amounts through 1985, collateralized by certain machinery and equipment	1,921,000	393,000
Other	19,000	32,000
	6,103,000	4,081,000
Less current maturities	718,000	272,000
	$5,385,000	$3,809,000

Approximate annual maturities of long term debt for the five fiscal years after June 30, 1978 are as follows:

1979	$ 889,000
1980	2,258,000
1981	461,000
1982	474,000
1983	385,000

7. Stock Option Plan

The Company has in effect an Employee Stock Option Plan instituted in 1974, which was designed to qualify under Section 422 of the U.S. Internal Revenue Code, as amended. The plan permits certain officers and key employees to purchase up to 150,000 shares of the Company's common stock. Qualified options are granted at market value, expire in five years, and are exercisable in cumulative annual increments of 33%, nine months after the date of grant.

A summary of transactions relating to outstanding options during 1978 and 1977 is shown below:

	Number of Shares	Option Value Per Share	Total
Outstanding at June 30, 1976	62,000	$3.71	$230,000
Granted	17,000	6.38	108,000
Exercised	(6,667)	2.25	(15,000)
Cancelled	(24,000)	6.65	(159,000)
Outstanding at June 30, 1977	48,333	3.38	164,000
Granted	25,000	6.95	174,000
Exercised	(13,139)	3.13	(41,000)
Cancelled	(13,333)	8.31	(111,000)
Outstanding at June 30, 1978	46,861	$3.95	$186,000

There were 24,528 shares exercisable under the Company's terms of the plan at June 30, 1978. The proceeds from the exercise of stock options are credited to common stock and contributed surplus accounts. No charges or credits are made to income in connection with stock options transactions.

8. Commitments and Contingent Liabilities

The Company and its subsidiaries occupy certain manufacturing and sales offices under lease agreements expiring at certain dates to 1991. Annual rental expenses entering into the determination of results of operations were $474,000 in 1978 and $448,000 in 1977. Aggregate minimum rental commitments remaining under these contracts as of June 30, 1978 are as follows:

	Lease Commitments		
Year Ended June 30	Buildings	Machinery & Equipment	Total
1979	$336,000	$32,000	$368,000
1980	340,000	29,000	369,000
1981	195,000	10,000	205,000
1982	195,000	6,000	201,000
1983	195,000	6,000	201,000

As of June 30, 1978, the Company had purchase commitments of approximately $725,000 (1977—$1,671,000) which are cancellable under certain conditions, for future delivery of parts.

9. Earnings Per Share

Earnings per share have been computed on the weighted average number of shares of common stock and common stock equivalents outstanding during the respective periods, as follows:

	Common Shares & Equivalents 1978	1977
Weighted average common shares outstanding during the years	1,360,000	1,332,000
Effect of assumed exercise of dilutive stock options	43,000	21,000
Total common shares and common share equivalents	1,403,000	1,353,000

10. Litigation

A number of legal actions have been brought against the Company and/or its subsidiaries, primarily by certain suppliers. The actions brought by the suppliers generally allege breach of contract relating to component parts for assembly of calculators which the Company has found to be defective or not suitable, and have either returned them to the supplier or withheld payment, or both.

Based upon the opinions of counsel, management believes that the ultimate settlement of all currently pending legal actions will not have a material effect upon the Company's financial position or results of operations.

11. Product Group Information

(Unaudited—in thousands of dollars)

	Systems	Consumer Products
1978 NET SALES		
Unaffiliated Customers	$12,202	$19,365
Intersegment	—	—
	12,202	19,365
Operating Earnings	2,646	1,143
Current Assets	—	—
Other Assets (Net)	—	—
Current Liabilities	—	—
1977 NET SALES		
Unaffiliated Customers	—	$32,785
Intersegment	—	—
	—	32,785
Operating Earnings	—	995
Current Assets	—	—
Other Assets (Net)	—	—
Current Liabilities	—	—

Reported sales and net income by company segments are shown on a worldwide basis; intercompany transactions have been eliminated.

12. Operations—Related Parties

Sales include approximately $1,834,000 in 1978 (1977—$680,000) to companies which are owned or effectively controlled by the Chairman of the Company's Board of Directors. Included in accounts receivable were approximately $80,000 and $138,000 in 1978 and 1977, respectively, representing amounts owing from those companies.

During the year, the Company's Board of Directors approved the acquisition of Mr. Calculator, Inc. (See Note 3), a company previously owned by companies effectively controlled by the Chairman of the Company's Board of Directors. The purchase price of Mr. Calculator was $2,000, a return of the original investment of the selling shareholders.

During the fiscal year, $1,600,000 of the Company's long term debt (See Note 6) was jointly acquired by companies owned by the chairman of the Company's Board of Directors and relatives of an officer and director. The debt was purchased by the above-mentioned parties for $1,200,000.

In the previous year, the Company acquired Nortex Products and Gildon Metal Enterprises from Superpack Corporation Limited (See Note 3). The Chairman of the Company's Board of Directors is also the Chairman of the Board of Superpack Corporation Limited.

Product Segments			Geographic Segments					
Components	Steel Products	Total Segments	Adjustments	North America	Europe	Asia	Corporate	Consolidated
$9,749	$8,835	$50,151	$ –	$34,590	$12,710	$ 2,851	$ –	$50,151
–	–	–	(23,929)	8,526	3,139	12,264	–	–
9,749	8,835	50,151	(23,929)	43,116	15,849	15,115	–	50,151
1,591	700	6,080	(27)	3,912	439	1,756	–	6,080
–	–	–	(610)	15,128	6,764	6,276	229	27,787
–	–	–	(7,646)	11,262	114	1,335	5,167	10,232
–	–	–	(304)	12,269	3,901	2,272	2,240	20,378
$7,849	$5,541	$46,175	$ –	$22,267	$23,190	$ 718	$ –	$46,175
–	–	–	(33,901)	13,592	6,792	13,517	–	–
7,849	5,541	46,175	(33,901)	35,859	29,982	14,235	–	46,175
1,959	156	3,110	332	2,611	743	(544)	(32)	3,110
–	–	–	(467)	13,340	8,344	3,698	87	25,002
–	–	–	(2,283)	6,783	325	466	777	6,068
–	–	–	(64)	9,648	6,650	2,745	47	19,026

Net income as shown in the Table is reported before interest expense, foreign exchange gains or losses, taxes on income and extraordinary item.

13. Subsequent Event

In September, 1978, the Company arranged for a facility agreement whereby the Company is entitled to obtain loans and open letters of credit up to an aggregate amount of $7,000,000; $3,000,000 of which will be guaranteed by the Chairman of the Board. In consideration of such guarantee, the Company will pay the Chairman of the Board annually the larger of 1) 2% of the amount by which the loan exceeds $4,000,000 or 2) $30,000. The loan is repayable on September 30, 1979 and will bear interest at ¾ of 1% above the bank's prime interest rate.

The agreement provides, among other things, for: compensating balances on 1) the sum of (a) 10% of the amount of the facility in effect on such day and (b) 10% of the principal amount of the loans outstanding on such day or 2) the aggregate free available balances maintained by the Company on such day with the bank.

The proceeds from these loans will be used to replace the 10% note payable and the advance from a financial institution described in Note 5.

Auditors' Report

To the Shareholders of COMMODORE INTERNATIONAL LIMITED:

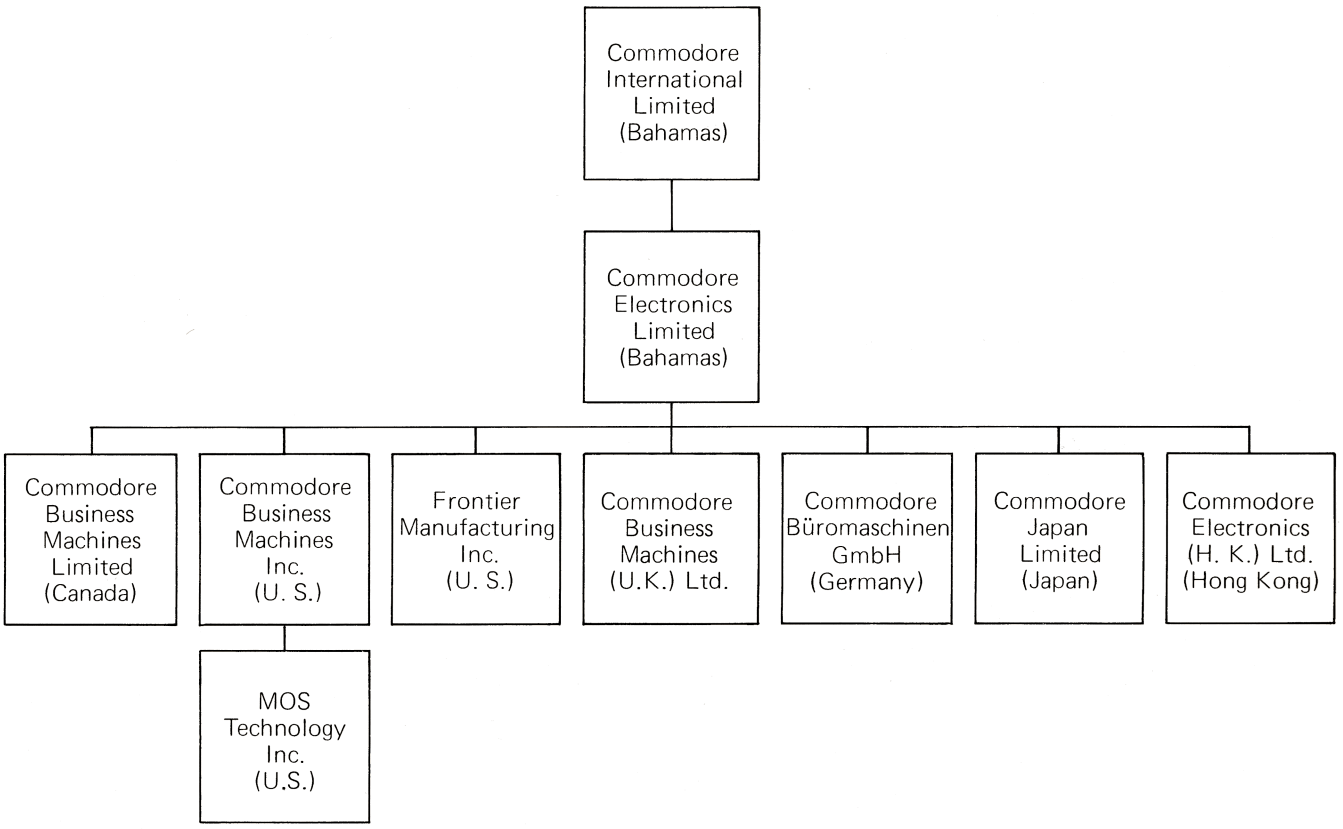
We have examined the consolidated balance sheets of COMMODORE INTERNATIONAL LIMITED (a Bahamian Corporation, formerly Commodore Business Machines (Canada) Limited—see Note 2) and subsidiaries as of June 30, 1978 and 1977, and the related consolidated statements of operations, shareholders' equity and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of COMMODORE INTERNATIONAL LIMITED and subsidiaries as of June 30, 1978 and 1977, and the results of their operations and changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

Arthur Andersen & Co.

Philadelphia, Pa.
September 29, 1978

Commodore International Limited and Major Subsidiaries as of June 30, 1978



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Executive Office

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Palo Alto, California 94304

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Commodore Business Machines, Limited
3370 Pharmacy Avenue
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Commodore Electronics (Hong Kong) Limited
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Board of Directors

Irving Gould
Chairman of the Board
Coral Harbour, N.P., Bahamas

Jack Tramiel
President
Saratoga, California

Burton Winberg
Toronto, Ontario

Gerald Shefsky
Toronto, Ontario

Leonard I. Schreiber
Westport, Connecticut

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Jack Tramiel
President

Christopher T. G. Fish
Vice-President, Finance
and Secretary
Woodside, California

E. C. Frye, Jr.
Vice-President
Los Altos Hills, California

David Alderson
Vice-President
Hong Kong

Transfer Agents and Registrars

Canada Permanent Trust Company
Toronto, Ontario

The Canadian Bank of Commerce Trust Company
New York, New York

Trust Corporation of Bahamas Limited
Nassau, Bahamas

Auditors

Arthur Andersen & Co.
Philadelphia, Pennsylvania

Counsel

Seligman, Maynard & Co.
Nassau, Bahamas

Baker & McKenzie
New York, New York

Davies, Ward & Bech
Toronto, Ontario

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American Stock Exchange

The new advanced technology headquarters for your high technology Company

Before the end of the 1978 calendar year, Commodore's new executive offices will be located in one of the first two solar energy industrial buildings in the United States; quite possibly in the world. Solar power will supply at least 90% of the heating, hot water and air conditioning requirements of the 60,000 square foot building, virtually eliminating the need for fossil fuel, winter or summer.

The building and its neighbor, each with massive cast-concrete fascia soaring skyward over the front facade, were the only industrial buildings to be awarded a solar grant by the U.S. Government's Energy Research and Development administration in a competition among 80 applicants in 35 states.

The buildings are located in the Oakmead industrial complex in Santa Clara, approximately fifteen miles south of Palo Alto.

It is fitting that your Company, engaged in high technology electronics, should establish headquarters in one of the most advanced technology buildings ever designed.

commodore international limited

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